

FHLB Boston Credit Products¹

For Assistance, call the Money Desk at 1-800-357-3452

moneydesk@fhlbboston.com

Product	Description	Maturity	Disbursement	Prepayment Penalty	Repayment	Common Uses
Advance Restructuring	Solution to allow restructure of outstanding advances for certain eligible product types and blend the contractual prepayment fee into the rate of the new long term advance.	Maturity determined by new advance.	Next day settlement if requested by 1p.m.	Once restructured, new loan product prepayment guidelines apply.	Once restructured, new loan product repayment guidelines apply.	Allows liability sensitive members to extend duration of advances without increasing the advance balance. May result in a lower cost on new advance compared to the old advance. Improved NIM.
Classic Advance (offers both short and long term maturities)	Fixed term nonamortizing advance. Automatic discount off posted rate with a maturity of more than one year if your advance -to-assets ratio is 10% or more. Ability to lock in a guaranteed rate up to two years before disbursement. ²	2 days through 20 years	Next-day if requested by 3 p.m. (Same-day possible if requested by noon)	Prepayable if maturity of more than six months, subject to fee.	Principal due at maturity. Interest due monthly on second business day of the month. For maturities of one year or less, option to pay principal and interest at maturity.	Liquidity. Enhance balance sheet management. Fund loans to be sold. Fund fixed- and adjustable-rate lending.
Overnight Funding						
Daily Cash Manager	Overnight funding product available until 5 p.m. There is no minimum and rate is set at the time of the transaction	One day	Same-day	N/A	Principal and interest automatically charged to your IDEAL Way account at maturity.	Manage daily funding needs.
Rollover Cash Manager	Overnight funding with automatic rollover at maturity. This advance will rollover to new one day advance at prevailing rate until you call Customer Service at 1-800-358-9709 and instruct us to apply payment against the advance.	One day	Same-day or next day	N/A	Will rollover until FHLB Boston instructed to apply payment. Interest due monthly on second business day of the month.	Manage daily funding needs.
IDEAL Cash Manager	Overnight funding using your IDEAL Way line of credit. Term of one business day and will be automatically charged back to your account on the business day following issuance.	One day	Same-day	N/A	Automatically charged to IDEAL Way account at maturity. Interest due monthly on the second business day of the month.	Manage daily funding needs.
Long-Term Fixed Rate Advances						
Amortizing Advance	Fixed term amortizing advance. Automatic discount off posted rate with a maturity of more than one year if your advance -to-assets ratio is 10% or more. Ability to lock in a guaranteed rate up to two years before disbursement. ²	2 through 20 years	Next-day if requested by 3 p.m. (Same-day possible if requested by noon)	Prepayable in full or in part at anytime, subject to fee. Partial payments may be in amounts as small as \$100,000. With partial prepayments, principal and interest payments recalculated	Principal and interest due monthly on the first business day of the month.	Match fund loans and investments involving periodic repayment of principal.

Long-Term Fixed Rate Advances continued

Expander Advance	The Expander advance offers the borrower a one-time opportunity to increase the principal amount at the original interest rate. Member chooses the one-time expansion date and the term to final maturity. The premium cost of the embedded expansion is included on the advance rate on an annualized basis. \$10 million minimum per individual advance.	2 to 20 years	Two Boston business days	Prepayable with prior notice in whole prior to the expansion date. On or after expansion date, the advance may be repaid in whole or in part subject to prior notice to FHLB Boston. For more details on prepayment fee see information provided at : http://www.fhlbboston.com/productsandservices/creditproducts/01_01_25_expander_advance.jsp	Interest payable monthly; principal due at maturity.	Manage the interest rate risk associated with holding fixed-rate residential mortgages, mortgage-backed securities, and fixed rate commercial loans
HLB-Option Plus Cap Advance	Advance where FHLB Boston holds the option to cancel on certain specified dates with an interest rate that adjusts periodically based on an embedded interest-rate cap position.	2 to 15 years	Two Boston business days	Prepayable at any time subject to fee. (Fee may be substantially more than those associated with Classic Advance of the same maturity)	Principal due at maturity. Interest due at one or three month intervals, in accordance with the index. If canceled, principal and interest due on the cancellation date.	Manage balance sheet interest rate sensitivity to increase short term interest rates.
HLB-Option Advance³	Nonamortizing advance for which the Federal Home Loan Bank of Boston holds the option to cancel on certain specified dates. Offered with an initial lockout period during which FHLB Boston cannot cancel the advance (3 months to 10 years).	6 months to 15 years	Two Boston business days	Prepayable at any time subject to fee. (Fee may be substantially more than those associated with Classic Advance of the same maturity)	Principal due at maturity. Interest due monthly on second business day of the month. If cancelled, principal and interest due on cancellation date.	Macrofund balance sheet Fund specific assets
Knockout Advance³	This advance will be cancelled automatically if LIBOR hits or exceeds a certain strike rate on specified dates. Offered with an initial lockout period during which advance will not be terminated (3 months to 10 years). ⁴	1 to 15 years	Two Boston business days	Prepayable at any time subject to fee. (Fee may be substantially more than those associated with Classic Advance of the same maturity)	Principal due at maturity. Interest due monthly on second business day of the month. If cancelled, principal and interest due on cancellation date.	Macrofund balance sheet Fund specific assets
Member-Option Advance	Nonamortizing with a fixed final term. One-time cancellation options available. Protects your cost of funds against future rate changes, whether rates go up or down. Ability to lock in a guaranteed rate up to two years before disbursement. ²	1 to 10 years	Third day if requested by 3p.m.	Prepayable, in full or in part, on specified cancellation dates with no prepayment fee. On any other date, prepayment subject to fee.	Principal due at maturity. Interest due monthly on the second business day of the month. Members may repay some or all of the principal on the specified cancellation dates.	Manage long-term interest rate risk and lower funding costs if rates decline. Fund loans that offer prepayment flexibility.
Symmetrical Prepayment Advance³	Non amortizing advance with special prepayment feature. Prepayable on any Boston business day for an amount equal to the amount of the advance plus or minus the Bank's loss or gain on the underlying swap (the approximate market value of the advances), minus the present value of two basis points per year to remaining maturity. The amount of the gain on the prepayment of the underlying swap passed through to the member (before subtracting the two basis points per year) cannot exceed 10 percent of the amount of the advance.	1 to 10 years	Next-day if requested by 3 p.m.	See description (minimum prepayment of \$1 million)	Principal due at maturity. Interest due monthly on second business day of the month.	Provide liquidity and enhance balance sheet management. Fund investment securities. Fund fixed and adjustable rate lending.

Long-Term Variable-Rate Indexed Advances

Capped Floater Advance	Adjustable rate set quarterly or monthly, depending on index, and capped at a strike level you choose. Indexes: One or three month Classic Advance or LIBOR. A wide range of strike levels is available, subject to feasibility restrictions. \$10 million minimum (smaller minimums may be available in special offerings). Ability to lock in a guaranteed rate up to two years before disbursement. ²	1 to 5 years	For Classic-indexed Capped Floaters: Next day if requested by 3 p.m. (same day possible if requested by noon). For LIBOR indexed Capped Floaters: Second day	Prepayable in full or in part on any rate-reset date with two business-days notice, subject to a fee	Principal due at maturity. Interest due on rate-adjustment date.	Manage interest rate risk. Meet asset/liability objectives. Fund loans held in portfolio.
Collar Advance	Floating rate, non-amortizing advance containing a combination of an interest-rate cap and an interest-rate floor. Member purchases an interest-rate cap from the Bank and sells an interest-rate floor to the Bank, both of which are embedded in the advance. Collar advance adjusts to either one- or three-month LIBOR.	1 to 10 years	Typically disburses in two business days. Collar advances can be requested until 1:00 p.m. on a Boston and London business day for a second-day (spot) disbursement.	Prepayable in whole or in part on any rate-reset date without fee with two business-days notice. However, a member may be charged a fee to make the Bank financially indifferent to the member's decision to unwind the embedded Collar feature.	Principal due at maturity. Interest due on rate-adjustment date.	Provides protection from rising rates; typically at a lower cost than the Capped Floater advance; effective in managing balance sheet interest-rate sensitivity within a certain interest-rate bank.
Corridor Advance	Floating rate advance that contains an embedded interest-rate corridor. The embedded corridor is comprised of a purchased interest rate cap and a sold interest rate cap at a higher strike. Adjusts to either one-month or three-month LIBOR	1 to 10 years	Typically disburses in two business days.	Prepayable in whole or in part on any rate-reset date without fee with two business days notice. Member may be charged a fee to make the Bank financially indifferent to the member's decision to unwind the embedded corridor feature.	Interest due on rate-adjustment dates; principal due at maturity.	Manage/mitigate risk to rising interest rates.
Discount Note Auction Floater Advance	Fixed-term advance with an interest rate that adjusts according to changes in the Federal Home Loan Bank System's Office of Finance discount-note auctions. Supplies long term funding at short term rates. Rate reset every four to thirteen weeks on an indicated reset date. \$10 million minimum; smaller request will be accommodated if possible.	1 to 10 years	Next-day	Prepayable only on reset dates with no fee with prior notice.	Principal due at maturity. Interest due on rate-adjustment date.	Manage balance sheet interest rate sensitivity. Fund loan portfolios and LIBOR indexed mortgage backed securities.
Flipper Advance³	The Flipper is a floating-to-fixed advance for which FHLB Boston holds the option to cancel on certain specified date(s). It provides the member a period (typically one to three years) of sub-LIBOR funding and the potential for rally participation. If the advance is not cancelled at the end of the lockout period, the advance will convert (flip) into a fixed-rate advance. FHLB Boston may cancel the advance on any subsequent scheduled cancellation date, if any.	2 to 15 years	Two Boston business days	Prepayable at any time, subject to a fee, which may be substantially greater than those associated with Classic advances of the same maturity.	Principal due at maturity. Interest due monthly on second business day of the month. If cancelled, principal and interest due on cancellation date.	Macrofund balance sheet. Provide sub-LIBOR funding for a specified period.
LIBOR Indexed Advance	Fixed term advance with an interest rate that adjusts periodically according to changes in LIBOR. Rate adjustment is typically every three months based on a spread to LIBOR, which is locked in for the term of the advance (monthly and semiannual rate resets available). \$10 million (less than \$10 million subject to funding availability). Lock in a guaranteed rate up to two years before disbursement. ²	Up to 20 years	Two Boston business days if requested by 3pm.	Prepayable under some circumstances.	Principal due at maturity. Interest due on rate-adjustment date.	Limit basis risk when funding LIBOR-indexed assets. Manage balance sheet interest rate sensitivity.
The Slider Advance	Fixed term advance with an interest rate that adjusts periodically to changes in LIBOR and an embedded interest-rate floor position. \$10 million minimum per transaction or an aggregate of \$10 million for special offerings.	1 to 10 years	Two Boston business days	Prepayable with prior notice at rate-reset dates with no penalty for the advance component. Member will be charged for the remaining premium cost of the embedded floor feature net of the actual unwind value on the Bank's underlying floor.	Principal due at maturity. Interest due on rate-adjustment date.	Manage balance sheet interest rate sensitivity to declining short term rates.

Other

Interest Rate Swaps, Caps and Floors

FHLB offers a number of derivative products to bring you more ways to manage interest-rate risk. Whether you are interested in an interest-rate swap, cap or floor, FHLB Boston can help you develop a strategy tailored to your needs. And you'll be entering into these transactions with a triple-A- counterparty. For additional information please contact the Money Desk or see the Swaps, Caps and Floors Primer at http://www.fhlbboston.com/productsandservices/downloads/derivatives_primer.pdf

Letters of Credit

Support a wide range of business activity. The standby and confirming LOC's issued by members can be used to facilitate residential housing finance and community lending, assist with asset/liability management, or to provide liquidity or other funding. An LOC issued by FHLB Boston provides the backing of a triple-A-rated institution that ensures wide acceptance for

FHLB Boston also offers Community Development Advances for affordable housing, economic development and mixed-use initiatives. Please contact the Housing and Community Development Department at housing@FHLBBoston.com or 1-888-424-3863.

¹ This reference includes information that is subject to change without notice. A master application signed by an authorized officer from your institution must be on file at FHLB Boston.

² Forward commitment adds a premium to current rate.

³ Orders of less than \$10 million will be aggregated with other requests with identical terms and executed when order totals \$10 million.

⁴ LIBOR is the London Interbank Offered Rate, which refers to the rates that most major international banks dealing in Eurodollar currency charge each other for large loans.